



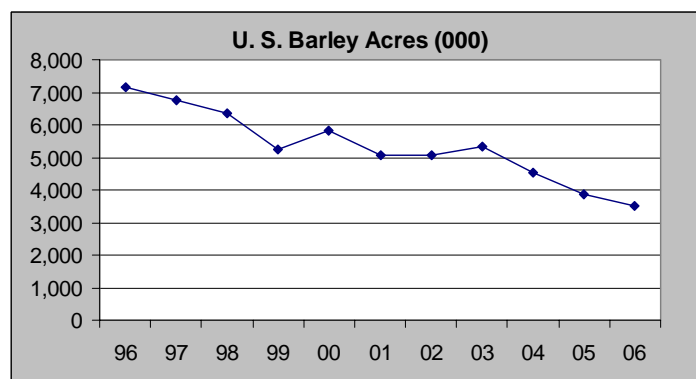
Testimony Submitted by Richard Groven
Before a Hearing of the U. S. House of Representatives
Committee on Agriculture

September 20, 2006

Mr. Chairman and Members of Committee, thank you for the opportunity to testify before you today regarding policies we believe Congress should consider when writing the next farm bill. I am Vice-President of the National Barley Growers Association (NBGA). I farm near Northwood, North Dakota where we grow barley, spring wheat, soybeans, and other rotational crops.

NBGA has serious concerns regarding the equity of program crop support levels in the current farm bill, and in particular, the level of barley support relative to other crops. NBGA believes that the U.S. barley industry has lost significant competitiveness in its traditional Northern Tier growing region due, in part, to distortions in federal farm program supports. Acreage trends certainly underscore our concerns. The National Agricultural Statistics Service June 30, 2006 Acreage Report repeatedly used the terms "lowest level," "new low," and "record lows" when reporting barley seeded acreage:

"Growers (barley) seeded 3.5 million acres for 2006, down 10 percent from the 3.88 million acres seeded a year ago, and the lowest since barley planted acreage estimates began in 1926. Acres for harvest, at 2.99 million... the lowest since records began in 1926. North Dakota growers planted 1.05 million acres, a new low since records began in 1926... In Montana, planted area is down 100,000 acres from last year to the lowest level since 1953, while Idaho's 560,000 planted acres is the lowest since 1967. California, Colorado, Minnesota, and South Dakota... set new record lows for planted acreage, with records going back to the 1920s."



At NBGA's request, the Senate Agriculture Committee asked FAPRI to analyze whether or not the U.S. Farm Bill is contributing to declining barley acres and identify modifications that could be made in future agriculture policy that would put barley in a more equitable position relative to other program crops. According to FAPRI's findings - published on August 29th and available at http://www.fapri.missouri.edu/outreach/publications/2006/FAPRI_UMC_Report_15_06.pdf - marketing loan benefits under the 2002 Farm Bill have clearly favored corn and soybeans over barley and wheat. In the Northern Plains, the average annual marketing loan benefit between 2000 and 2005 was \$4 per acre for wheat, \$8 for barley, \$12 for soybeans and \$21 for corn. At the national level, the combination of marketing loan benefits and market returns can help explain the increase in national soybean and corn acreage since the early 1990s and the decline in small grain production.

NBGA supports the continuation of the Marketing Loan Program at equitable levels among program crops. If the Marketing Loan were to be diminished or eliminated due to WTO concerns, some form of similar support would need to be developed to take its place to continue providing a viable safety net for producers during downturns in prices or production. We also support continuation of the Direct Payment program, which is the best means to get much needed operating money into the hands of producers. We also support continuation of the planting flexibility provisions that have been in place since 1996.

NBGA believes better risk management programs are needed that will adequately address multi-year losses as well as provide a safety net for the high deductibles we face under current federal crop insurance policies. We have a Barley Risk Management Task Force working hand in hand with the Risk Management Agency right now on innovative ways to address these challenges. With regards to the ongoing drought in much of the country, the NBGA supports disaster assistance for 2005 and 2006 crop losses and a vigorous debate on a permanent disaster provision in the next farm bill.

I am sure the Members of this Committee are aware of the rising fuel and fertilizer costs that farmers must fit into already tight budgets. Producers have seen a 70% increase in fertilizer costs, 30% to 50% increase in farm fuel costs, and a nearly 90% increase in diesel costs. These rapidly escalating costs will likely not be compensated for by the prices farmers receive for their crops. For these reasons, the NBGA supports a flexible safety net that will help offset sharply rising input costs that cannot be passed along to the marketplace. We encourage the Committee to explore ways to address rising energy costs, such as an energy tax credit.

The NBGA supports the Conservation Security Program (CSP) as authorized in the last farm bill. However, the CSP has not been implemented as intended by Congress, and we urge the Committee to work towards full implementation.

NBGA also believes that the Committee should be aware of the transportation problems much of the nation's farmers face. More than half of the U.S. barley crop moves to marketing positions by rail. The majority of our barley production region is now captive to one railroad and we pay freight rates well above those rates paid by other grain suppliers who have competitive transportation options. For example, rail rates in North Dakota (largest barley producer) and Montana (third largest producer) are between 250 to 450 percent of the railroad's variable cost – far in excess of the Surface Transportation Board's threshold of unreasonableness of 180%. Because of these higher rates that are accompanied by often unreliable service, it is very difficult for barley from our traditional production areas to compete with other suppliers in both domestic and foreign markets. This "captive shipper" situation does undermine the positive effects that any farm bill hopes to provide our producers. We urge the Members of this Committee to support legislation that would rectify these problems.

I want to again thank the Committee for the opportunity to testify. NBGA fully understands that the challenges you face – budget deficits and the WTO negotiations – as you write the next farm bill. But if the United States is to maintain a viable domestically grown food supply, farmers must continue to be offered some semblance of protection from collapsed markets and/or adverse weather. NBGA is ready and willing to work with the Committee in the coming year to develop sensible provisions to address these needs. If you have any questions, I will be happy to address them.

Richard Groven
Vice-President, National Barley Growers Association

**Committee on Agriculture
U. S. House of Representatives
Information Required From Non-governmental Witnesses**

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Richard Groven
2. Business Address: 670 39th Street NE
Northwood, ND 58267
3. Business Phone Number: Tel.: 701-587-5284 (FAX: 701-587-5284)
4. Organization you represent: National Barley Growers Association
5. Please list any occupational, employment, or work related experience you have which add to your qualification to provide testimony before the Committee:

 - A. Owner operator of Groven Farms, Northwood, North Dakota.
 - B. Producer of barley, wheat, soybeans, and other rotational crops.
 - C. Currently serving as vice chairman of the North Dakota Barley Council.
 - D. Actively involved in United States Grains Council and other commodity related organizations.
6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the committee:
7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:

 - A. I am representing the National Barley Growers Association, in which I currently serve as the vice president.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Richard Groven

Address: 670 39th Street NE, Northwood, ND 58267

Telephone: 701-587-5284

Organization you represent (if any): National Barley Growers Association

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: None Amount:

Source: Amount:

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: None Amount:

Source: Amount:

Please check here if this form is NOT applicable to you: X

Signature: Richard Groven

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.